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*The next morning the sun was behind a cloud, but they started on, as if they were quite sure which way they were going.*

*"If we walk far enough," said Dorothy, "we shall sometime come to some place, I am sure."*

*But day by day passed away, and they still saw nothing before them but the scarlet fields.*

The Wizard of Oz  
By L. Frank Baum

Madam Chair, Mr. President,

Madam President Pro Tem, Honorable Council Members,

Good Morning

Thank you for inviting me to respond to the Mayor's proposed budget for the coming year. My office has dissected, reviewed, analyzed, compared, questioned, and concluded on the major items of the proposed budget. Those analyses and conclusions are presented to you today in this document we call the "Big Book."

I have reviewed the budget from both a technical perspective and a philosophical perspective. From a technical perspective, the budget needs the undergirding of a plan. Otherwise, we are moving, but not advancing, much like Dorothy and her companions. I will revisit the planning component later in this presentation.

From a philosophical perspective, the budgetary priorities are my major concern. I'd like to share with you the basis of those concerns. I'd like to do so by taking you where I have been, showing you what I have seen, and telling you what I have learned. Once you know what I know, I believe you will feel what I feel. That knowledge and that feeling are critical to your understanding of my recommendations to you today.

In order to make my point today, I need to take you on a journey with me - a journey down the pathways, through the halls, and into the back rooms of our City government. I need to ask you to accompany me on this journey to see, not only the symptoms, but also the causes of the City's afflictions.

### A Mental Journey

Out of necessity, our journey today will not be a physical journey. A physical journey limits the number of people who can attend today ... and I would like to invite as many of our citizens who care to come along. So, I ask your indulgence as we take a mental journey down the highways and byways of our City's government.

Please visualize, along with me, a visit to the Cannon Recreation Center. Our trip could have been to Heilmann, Kronk, Maheras, Kemeny, Lasky, Patton or any number of recreation centers. But our journey today, due to time constraints, will be to just one



center, which, as will be reflected in our Recreation Department audit report next month, is representative of our City's recreation centers.

As we arrive at the Cannon parking lot, we notice that the lot is in need of paving. A portion of it is gravel because the pavement has long since deteriorated. We can't help but notice the numerous cavities holding rain from the night before. But we're used to the condition of the lots. Most of the City lots we have seen are in similar condition. We find a place to park away from a puddle.

Visualize, along with me, as we walk to the front door, a big, heavy, weather-beaten wooden door, and we pull it open. Before us is a long hallway. To our left is the manager's office. Directly in front of us is a man at a desk who collects a dollar from each visitor that does not have an annual pass. We tell him we'd like to look around and he lets us proceed.

As we walk down the hallway, we meet our guide. We attempt to ignore minor details, such as the walls in need of paint, and the missing ceiling tiles, which give the ceiling a checkerboard appearance. But, one feature does catch our eyes – the water stains on the ceiling of the first floor of a two-story building. We turn to the stairway and climb the stairs.

The first things we notice, as we look around the second floor, are two buckets, a few inches apart. They are put to good use because of last night's rain. Some of the rain, however, does reach the floor, and is seeping down to the ceiling below.

The second floor, of this well constructed and poorly maintained building, appears to be usable. But it is not in use. So we return to the first floor and proceed down the hall to the Game Room. There are several folding tables in the Game Room, not much of anything else. The most obvious feature about the game room is that there are no games. We hear one of our companions utter, "Maybe they play board games."

We return to the hallway and enter the Men's restroom. We see that there is no running water for the sinks and no toilet paper. Our guide tells us that this is a perpetual condition.

We ask to see the Women's restroom ... a pleasant surprise. Running water for the sinks and toilet paper in the booths. We return to the hallway.

As we look around, we see several teenage girls sitting around a card table laughing and talking and enjoying themselves. Then we realize that this is a place to congregate after school. They're talking and laughing and appreciating the fact that there is a place where they can meet with their friends, relax, and enjoy themselves. Although there is no program, they don't miss it. They don't know what they're missing because this is all they've ever known.

We go to the gymnasium. It's old, but there is a basketball hoop and net on each end and the floor is level. Forty or fifty teenage boys are in the gym. Ten are participating



in a basketball game, and another three dozen or so wait their turn to play. Our guide tells us that the parents have to supply the basketballs because the recreation center doesn't provide them. We leave the gym and ask to see the locker room.

The double doors to the locker room are secured with a chain and padlock. Once we gain access, we realize that this locker room hasn't been used for years. The room is in complete disarray, and our guide tells us that there is no running water for the showers or toilets and that it has been that way for years.

It's time to leave. We've seen enough here. But although our mental journey ends here, our story doesn't. Our story is replicated in different ways at each center. **Neither preventive maintenance nor corrective maintenance exists in our neighborhood recreation centers.**

Continuous water damage from the leaking roof at the world-renowned Kronk Center is destroying an institution. Many of the dilapidated lockers in the locker room are rusted out, and most will not lock. The exterior masonry is crumbling, and neither the exterior wood trim nor the interior walls have been painted for years, perhaps decades.

I invite you to visit Cannon, Kronk, Maheras, Kemeny, Patton, Heilmann, Lasky or any of two dozen other centers, Jayne Playfield, Erma Henderson Marina, or any softball or baseball field or playground to confirm that the facts represented here need no embellishment. Pick any one at random, and you will see what I have seen.

Talk to the community recreation council members, parents who have to bring their own basketballs to Cannon Recreation Center because the Center does not supply them. And you will hear what I have heard.

Watch the children, this City's future, play in the squalor of mismatched priorities. And you will feel what I feel.

In the Mayor's budget address, he stated: *"Continuing this administration's efforts to expand and upgrade existing recreational facilities, I am recommending the sale of another \$3 million in bonds for parks and recreational facilities, as well as \$124,000 for the reopening of the Camp Brighton."*

City Council should note that the Mayor's proposed Recreation Department operating budget for the coming year is \$1 million less than last year, and \$2 million dollars less than the Department requested.

Without an ongoing preventive and corrective maintenance plan, the current conditions will persist. Each Center should be allocated a maintenance budget, prorated from a maintenance fund, based on needs and priorities. The Department could decide on the appropriate utilization of each center's funds, but the funds should belong to the center.

In attachment 2 of this section, I provide pictures taken at recreation centers and ball fields. These pictures are symptomatic of the cancer deteriorating our City.



In the Mayor's Budget Message, he also stated: *"That positive economic situation contributed to five consecutive fiscal years of surpluses for the City, and lead(s) us to expect a sixth consecutive year as of June 30<sup>th</sup>."*

The Centers' deplorable conditions exist despite the City's well-documented prosperity over the past several years. If we could not address these conditions during a period of prosperity, will it be possible to address the conditions during a period of economic slowdown? Perhaps. Consider the following:

Suppose a renowned public service sector consultant revealed over \$100 million of potential cost savings or revenue enhancements, would you pursue those opportunities?

Suppose a leading telecommunications consultant told you how to reduce your telephone costs by over \$675,000 each year, after a five-year payback, with no diminution in telephone service, would you put that objective into your plans?

Suppose a Workers' Compensation expert advised you that, by revising your procedures, you could reduce your Workers' Compensation costs by approximately \$5 million each year, would you take steps to realize those savings?

Suppose an Accounts Payable consultant offered to review, for a contingency fee, the City's payments for the past three years to locate duplicate payments and overpayments, collect the overpayments for the City, provide the entire administrative effort, and maintain all of the supporting documentation, would you accept their offer?

Suppose a major insurance company offered to perform a physical inventory of your entire organization's fixed assets at no cost, and to consolidate all of your maintenance contracts, with potential savings of about \$2 million each year, would that appeal to you?

These are a few of the many opportunities available to the City that we have not pursued. Meanwhile, so many City services are paralyzed due to funding deficiencies.

### **Missed Opportunities**

Attachment 1 is a graphical display of over \$50 million of financial opportunities available to the City that should be pursued immediately. Several other major projects, which would take longer to implement, as described in the Griffith report (Attachment 3), could yield much larger benefits.

Because so many of the City's resources are being used inefficiently, limited resources are available for services to citizens such as recreation centers, parks, playgrounds, ball fields and marinas, human services, neighborhood development, senior citizen activities, street paving and cleaning, fire department facilities, and transportation.

Because so many of the City's resources are being used inefficiently and ineffectively, businesses in the City are subjected to inadequate building safety and engineering services, planning and development services, and transportation services for their employees.



Because so many of the City's resources are being used inefficiently and ineffectively, some City internal departments lack the resources to provide quality and timely operational support to City Departments.

The City's financial system is less effective and more cumbersome than it was \$130 million ago, that is, before DRMS; and the City's processes continue to resemble the processes of prior generations.

The Mayor stated in his message: *"...due to the ongoing reduction in the City's income tax rates, the freeze in state revenue sharing dollars, and the uncertainty of the future direction for the national, state and local economies. These factors will challenge the City's ability to meet our Core Service Priorities of neighborhood stabilization, improved public safety services, and improvements to the support service departments of City government."*

This statement is alarming. The Mayor is saying that despite unprecedented General Fund revenues budgeted for next year, \$85 million higher than the current year and \$200 million higher than five years ago, the City's ability to meet its Core Service Priorities will be challenged. I ask you, if we cannot meet our core service priorities, which priorities are we meeting with our record revenues?

This revelation underscores the need to reassess the City's priorities. It also underscores the need to reassess the way our government is operating. It further underscores the importance of addressing those areas that have been reviewed and recommended by experts, as opposed to areas of lesser benefit and less assurance of the outcomes.

Current plans ignore the recommendations resulting from major studies, analyses, and audits. The budget reflects other efforts to reduce costs. However, the quantification of the potential benefits has not been revealed to us.

#### **Proposed Additional Positions**

The Mayor is *"recommending four additional positions for the Department of Public Works and funding for the lease financing of general Fund vehicle acquisitions. These positions will work to increase our control over the spiraling costs of operating the City fleet. I am confident that the net effect will be a decrease in operating costs and out-of-service times, ultimately increasing the performance of every city service that relies on vehicles."*

The Mayor is also *"adding three positions to the Finance Department. Their duties will include proposing, reviewing and monitoring all space leases. It is my belief that the modest cost of these positions will be more than justified by the savings the City will receive."*

The City has been provided with recommendations for tens of millions of dollars of cost savings, which have effectively been ignored. Now you are asked to approve the addition of these positions based on a belief that they will more than pay for



themselves. City Council should ask why the decision was made not to pursue any of the recommendations made in the David M. Griffith report.

Without specific outcome measures and accountability attached to these additional positions, the associated costs soak up limited resources without quantifying the benefits, as was done in the Griffith report, the Telecommunications report, and various Auditor General reports.

City Council should ask whether the addition of these positions is more important than preventive maintenance at Cannon, Maheras, Kronk, Lasky, Patton, and Heilmann recreation centers, to name a few.

City Council should ask whether the addition of these positions is more important than the upkeep of City parks, playgrounds, and ball fields, and why there is no plan to address the deplorable conditions in the near future.

City Council should ask why no decision was made to replace the leased Ameritech Centrex and Voice Mail with City owned equipment, a replacement that promises savings of \$675,000 per year after a five-year payback.

And, City Council should ask whether any lessons were learned from the DRMS debacle and, if so, how they will be applied to the proposed Human Resources/Payroll information technology system. In other words, what do we plan to do differently to minimize the risk of failure.

### **DRMS**

The Mayor stated: *"The current payroll system is well over 20 years old, and it is not able to properly manage the City's payroll needs. Now that the DRMS' financial module is functioning properly and people have a greater understanding of its capabilities, I am proposing that we begin the process of implementing the Human Resources module of DRMS. The initial funding of \$6.2 million will allow the City to conduct an assessment of the current system. Then, using Oracle's Human Resources/Payroll module, a system can be designed that meets the City's requirements. At that point, the City will explore how and who will."*

Despite recent announcements to the contrary, the DRMS' financial module is still not functioning properly, and many people, including the Information Technology Services Department (ITS), do not have an adequate understanding of, or simply are not utilizing its capabilities. Several weeks ago, the Office of the Auditor General requested query-only access to the DRMS database. To date, the ITS Department has been unable to accommodate our request.

My office is currently conducting a DRMS gap analysis to document the system's deficiencies. This report will be completed by the end of May.



There is no question, however, that the DRMS has great potential. However, without a systematic plan to address the shortcomings of the system and the related processes, we must resign ourselves to a costly second-rate financial system.

Over five years have passed since I joined the City. My first indication of a potential major problem occurred during my first month, January 1996, when I observed the DRMS planning process. I wrote a memo to Freman Hendrix, then Chief Executive Assistant to the Mayor, with copies to City Council and the DRMS Steering Committee members, in which I explained that the RFP process was flawed, and that the procurement process needed to be reengineered prior to the development of the software (Attachment 4). Mr. Hendrix did not respond directly to my memorandum. Instead, he forwarded the memo to the Information Technology Services director at the time, Nicole Fontayne, who informed me that the City's plan of action would not change. Five years later, Mr. Hendrix is gone, Ms. Fontayne is gone, Ms. Johnson, who was the Finance Director, is gone, our Mayor will soon be gone, but we are still here with a financial system that does not work properly. Our comprehensive annual financial report for the year ended June 30, 2000 was not finalized until Friday, April 20. Each year, since the inception of DRMS, the process has taken longer to complete.

As City Council will recall, the DRMS project was approved with an agreement that an independent quality assurance function would be conducted under the auspices of the Auditor General. Unfortunately, there was no requirement for DRMS management to heed the recommendations of the Quality Assurance team. In fact, the ITS management ignored the monthly quality assurance reports. We are now stuck with the consequences.

Now we are faced with a new decision. Do we proceed with the implementation of the Human Resources/Payroll module and the Fixed Assets module? Clearly, both modules should be implemented. The question is not whether. It is when, how, and by whom, and how do we incorporate lessons learned from the last implementation.

### **Lessons Learned**

City Council should never, ever again, approve the purchase and implementation of a major information technology system without a recommendation from an Information Technology Planning and Policy Committee, that has at least one member who is an independent outsider possessing the requisite knowledge to advise the City on information technology related issues. Otherwise, the City is vulnerable to the leadership of an information technology director who makes decisions that may be detrimental to the operations and finances of the City for years to come.

In my opinion, the Fixed Assets module needs to be implemented immediately. Otherwise, the City's financial statements may not be in compliance with generally accepted accounting principles (GAAP) for the year ending June 30, 2002, which would damage our bond rating and reputation. This is not a major implementation. The



cost of the implementation was included in the IBM contract, but other issues caused the implementation to be deferred, and the work was never completed.

I also believe that consideration should be given to allowing the Fixed Assets module to be implemented by the Oracle Corporation, which has taken a back seat to IBM, Solbourne, and, now, Compuware. Oracle has requested an opportunity to implement its own software. They have assured the City that they will provide us with a quality product, at a fixed price, if they are given a chance. It is time the City gave Oracle a chance. However, whomever is selected for the implementation, the contract should require a definite outcome at a fixed price.

The proposed Human Resources/Payroll system will be a major implementation. It, and all other major information technology implementations, should be delayed until the City Council is satisfied that the City has developed an information technology strategy that sets forth the City's goals and objectives over the next five years. There is no question that the current system is archaic and should be replaced. However, it is time for City Council to use its leverage, as it relates to the approval of budgets and contracts, to insist upon a comprehensive ITS strategy. The City is saddled with DRMS-related decisions made by individuals who are no longer with the City, were not qualified to make the decisions they made, and would not accept the advice of those who were qualified to advise them.

I have attempted, during this brief period, to cause you to, vicariously, see what I have seen, hear what I have heard and, perhaps, feel what I feel, believing that, if you know what I know, you will understand my response to the Mayor's proposed budget.

This budget, as are all budgets, is a financial representation of priorities. Much of an administration's philosophy can be deduced by its budget. A review of the priorities in this budget reveals additional funding for DRMS and information technology, additional funding for administrative personnel, reduced funding for Recreation Department operations, no emphasis on reengineering or streamlining city processes, and no emphasis on major cost reductions as identified in the David M. Griffith report.

Honorable City Council, approve this budget in its present form and you will be putting your stamp of approval on waste and neglect. Approve this budget in its current form and you will be supporting increased costs of government while ignoring the needs of our children and seniors, increased costs with no measurement criteria and vague outcomes, increased costs while ignoring the recommended investments in the City's infrastructure that could save the City tens of millions of dollars each year, and increased costs while projected revenues are expected to fall over the next several years.

Honorable City Council, not only must you reject this proposed budget, you must reject the philosophy that engendered the budget – the philosophy of not maintaining our infrastructure during a period of prosperity and additional revenue from the new casinos, the philosophy of giving our playgrounds, parks, and recreation centers a low





priority, the philosophy of ignoring the opportunities for cost savings and revenue enhancements, and the philosophy of operating from year to year without a plan.

A budget, without a plan, and without any idea of how the needs of the City will be met in the near future, leads to myopic decision-making, the effects of which are manifest in our City and throughout City government.

City Council should reevaluate any budget that is not supported by a stated plan with goals, targets, and measures that provide accountability and ownership.

### **The Need for a Plan**

Going from year to year without a plan causes anxieties and frustrations. A multiyear plan does more than chart a course. It engenders hope. For example, if the public can see and believe that their concerns and problems will be addressed, pursuant to an overall plan, they can maintain hope of a brighter tomorrow. However, without a plan, without a promise, without any indication that their needs will ever be addressed, we have no basis for hope.

Without a plan, which delineates goals, priorities, required resources, obstacles, and risks, we must continue to go from day to day, and year to year hoping that we shall sometime come to some place for sure.

*Then Dorothy lost heart. She sat down on the grass and looked at her companions. And they sat and looked at her, and Toto found that for the first time in his life he was too tired to chase a butterfly that flew past his head; so he put out his tongue and panted and looked at Dorothy as if to ask what they should do next.*

The Wizard of Oz  
By L. Frank Baum

### **What City Council Should Do Next**

City Council should examine this budget from the standpoint of priorities and sound management principles.

- At the top of the list must be programs for our children and seniors and the maintenance of the facilities for those programs. At the bottom of the list must be the addition of positions that deplete our limited funds, or dilute the funds available for pay raises to our current employees.
- At the top of the list must be the maintenance of the City's infrastructure and a requirement for preventive and corrective maintenance. At the bottom of the list should be investments in information technology (IT) projects prior to the establishment of an IT committee and an overall IT plan for the City.
- At the top of the list must be investments with high payback that will enable the City to reduce costs and improve City services. At the bottom of the list should be investments with questionable returns or questionable cost justification.



City Council should use its leverage to require accountability for programs, agencies and projects. Additional funding for inefficient operations should be passe. Justification for any major project should include its ranking among other projects, and reasonable alternatives should be weighed. Major projects must include assurances that recommendations by an oversight body will be acted upon.

City Council should require specific targets, measures, and outcomes from any new program or activity for which new positions are proposed.

City Council should appropriate funds specifically for the maintenance of recreation centers, playgrounds, parks, and ball fields on an annual basis when the proposed budget fails to do so.

City Council should oppose any budget appropriation for a technology project until an IT committee approves the project, and the appropriate controls for the project are agreed upon.

City Council should require an independent study on each area of opportunity cited by the Griffith report, and require that the funding for other projects be financed by the savings derived therefrom.

City Council should insist on an overall plan to address our City's needs and our government's failures. You have the power through the budgetary process to require it.

Moreover, City Council must show the administration, by **Your actions**, that any budget that fails to provide an acceptable standard of services to the citizens of this City, will be modified to do so. Our citizens have come to accept second-rate facilities and services. They not only deserve better, we have the resources to provide first-rate facilities, streets, parking lots, transportation, and other services.

City Council must insist that we do so.

Respectfully submitted

Joseph L. Harris  
April 23, 2001